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REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS

PROGRAMME BUDGET FOR THE BIENNIUM 1994-1995

Programme budget implications of the draft resolution contained in document A/C.5/48/L.87

Statement submitted by the Secretary-General in accordance with rule 153 of the rules of procedure of the General Assembly

A. Requests contained in the draft resolution

1. Under the terms of operative paragraphs 4 to 11 of the draft resolution contained in document A/C.5/48/L.87, the General Assembly would:

(a) Decide to establish an Office of Internal Oversight Services under the authority of the Secretary-General, the head of which will be at the rank of Under-Secretary-General;

(b) Also decide that the Office shall assume the functions prescribed for the Office of Inspections and Investigations in the report of the Secretary-General (A/48/640), as amended by the resolution and subject to the modalities defined in the resolution and reproduced below, with a view to strengthening the executive capabilities of the Secretary-General:

"(a) Mode of operation

"The Office will exercise independence under the authority of the Secretary-General in the conduct of its duties and, in accordance with Article 97 of the Charter, have the authority to initiate, carry out and report on any action which it considers necessary to fulfil its responsibilities with regard to monitoring, internal audit, inspection and evaluation and investigations as set forth in the present resolution;

"(b) Appointment

"(i) The Under-Secretary-General for Internal Oversight Services shall be an expert in the fields of accounting, auditing, financial analysis and investigations, management, law or public administration;

"(ii) The Under-Secretary-General for Internal Oversight Services shall be appointed by the Secretary-General, following consultations with Member States, and approved by the General Assembly. For this purpose, the Secretary-General shall appoint the Under-Secretary-General for Internal Oversight Services with due regard for geographic rotation and in so doing shall be guided by the provisions of paragraph 3 (e) of General Assembly resolution 46/232 of 2 March 1992 whereby the Assembly decided, in particular, that, 'as a general rule, no national of a Member State should succeed a national of that State in a senior post and there should be no monopoly on senior posts by nationals of any State or group of States';

"(iii) The Under-Secretary-General for Internal Oversight Services shall serve for one fixed term of five years without possibility of renewal;

"(iv) The Under-Secretary-General for Internal Oversight Services may be removed by the Secretary-General only for cause and with the approval of the General Assembly;

"(c) Functions

"The purpose of the Office of Internal Oversight Services is to assist the Secretary-General in fulfilling his internal oversight responsibilities in respect of the resources and staff of the Organization through the exercise of the following functions:

"(i) Monitoring

"The Office shall assist the Secretary-General in implementing the provisions of Article V of the Programme Planning Regulations on 'Monitoring of programme implementation'.

"(ii) Internal audit

"The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the Organization's structure and responsiveness to the

requirements of programmes and legislative mandates, and monitor the effectiveness of the Organization's systems of internal control;

"(iii) Inspection and evaluation

"The Office shall evaluate the efficiency and effectiveness of the implementation of the Organization's programmes and legislative mandates; it shall conduct programme evaluations with the purpose of establishing analytical and critical evaluations of the implementation of programmes and legislative mandates, examining whether changes therein require review of the methods of delivery, the continued relevance of administrative procedures and whether the activities correspond to the mandates as they may be reflected in the approved budgets and the medium-term plan of the Organization;

"(iv) Investigation

"The Office shall investigate reports of violations of United Nations Regulations, Rules and pertinent administrative issuances and transmit to the Secretary-General the results of such investigations together with appropriate recommendations to guide the Secretary-General in deciding on jurisdictional or disciplinary action to be taken;

"(v) Implementation of recommendations and reporting procedures

"a. Following the completion of any audits, inspections or investigations undertaken by the Office pursuant to its mandate, as defined by the present resolution, the Office shall submit the reports on such work to the programme managers concerned, in accordance with procedures for transmittal, approval of recommendations and the resolution of disputes to be established by the Secretary-General;

"b. The Office shall report to the Secretary-General as and when necessary but at least twice yearly on the implementation of recommendations addressed to the programme managers in accordance with the procedures referred to above;

"c. The Secretary-General shall facilitate the prompt and effective implementation of the approved recommendations of the Office, and inform the General Assembly of actions taken in response thereto;

"(d) Support and advice to management

"The Office of Internal Oversight Services may advise programme managers on the effective discharge of their responsibilities, provide assistance to programme managers in implementing recommendations, ascertain that programme managers are given methodological support and encourage self-evaluation;

"(e) Reporting

"(i) In accordance with the provisions of paragraph 1 (c) above, the Office shall submit to the Secretary-General reports that provide insight into the effective utilization and management of resources and the protection of assets; the Secretary-General shall ensure that all such reports are made available to the General Assembly as presented by the Office, together with any separate comments the Secretary-General may deem appropriate;

"(ii) The Office shall also submit to the Secretary-General for transmittal as received to the General Assembly, together with separate comments the Secretary-General deems appropriate, an annual analytical and summary report on his activities for the year;

"(iii) The Board of Auditors and the Joint Inspection Unit shall be provided with copies of all final reports produced by the Office as well as the comments of the Secretary-General to them, and shall provide the General Assembly with their comments as appropriate;"

(c) Request the Secretary-General to ensure that the Office has procedures in place that provide for direct confidential access of staff members to the Office and for protection against repercussions, for the purposes of suggesting improvements for programme delivery and reporting perceived cases of misconduct;

(d) Request the Secretary-General to ensure that procedures also be in place that protect individual rights, the anonymity of staff members, due process for all parties concerned and fairness during any investigations; that falsely accused staff members are fully cleared; and that disciplinary and/or jurisdictional proceedings are initiated without undue delay in cases where the Secretary-General considers it justified. Such procedures shall include any necessary amendments to the Staff Regulations and Rules and to the disciplinary hearing procedures and, to the extent possible, should take into account the relevant recommendations of the Intergovernmental Group established under General Assembly resolution 48/218, approved by the General Assembly;

(e) Decide that the Office of Internal Oversight Services shall be financed from appropriations approved under section 31, Office for Inspections and Investigations, of the programme budget for 1994-1995;

(f) Decide that future programme budget proposals of the Office of Internal Oversight Services shall be submitted by it to the Secretary-General who shall, with due regard for the relevant provisions of General Assembly resolution 41/213 of 19 December 1986 and for the necessity of providing adequate resources for the Office's functioning to be effective, submit proposals to the General Assembly for its consideration and approval according to established procedures;

(g) Request the Secretary-General in that regard, when preparing the budget proposals for the Office of Internal Oversight Services, to take into

account its independence in the exercise of its functions as defined in paragraph 5 of the resolution;

(h) Request the Secretary-General to submit to the General Assembly, at its forty-ninth session, following consultations with the Executive Boards of the United Nations operational funds and programmes, a detailed report containing recommendations on the application the resolution as it pertains to the internal oversight functions of such funds and programmes, including methods by which the Office could assist such funds and programmes in enhancing their internal oversight mechanisms.

B. Activities by which the requests would be implemented

2. Should the General Assembly adopt the draft resolution, the Secretary-General would, following consultations with Member States and approval by the General Assembly, appoint an Under-Secretary-General for Internal Oversight Services. The functions of the Office of Internal Oversight Services are set out in the draft resolution where it is stated that the purpose of the Office is to assist the Secretary-General in fulfilling his internal oversight responsibilities through the functions of monitoring, internal audit, inspection and evaluation, investigation and implementation of recommendations and reporting procedures. In carrying out his responsibilities and in fulfilling the functions enumerated above, the Under-Secretary-General for Internal Oversight Services would draw on the staff and other resources currently assigned to the Office of Inspections and Investigations.

3. The organization of the Office of Internal Oversight Services will be a matter to be considered by the Under-Secretary-General for Internal Oversight Services upon his or her appointment. The related functions, as now carried out by the Office of Inspections and Investigations, are organized as outlined below.

Monitoring

4. The monitoring functions of the Office indicated in paragraph 1 (c) (i) of the draft resolution, are undertaken by the Central Monitoring and Inspections Unit. The functions of the Unit are to implement the provisions of article V of the Regulations and Rules Governing Programming Planning, the programme aspects of the budget, the monitoring of implementation and the methods of evaluation.

5. In addition, as part of the Office for Inspections and Investigation's new responsibilities in the area of inspections, ad hoc programme inspections covering the activities of departments and offices are conducted with the aim of strengthening programme oversight and ensuring effective use of resources. As indicated in document A/C.5/48/42, the purpose of such inspections is to (a) assess the economy and efficiency with which programmed activities are implemented; (b) examine the relevance of these activities to the objectives of the programme; and (c) review and assess the effectiveness of programme oversight mechanisms in the area of programme preparation as well as monitoring of implementation of the activities of the programme. In this connection, monitoring and self-evaluation would be merged in order to enhance managerial

oversight, which would require the generation, on a routine basis, of data and analytical information on programme implementation and results achieved. At the first part of its thirty-fourth session, the Committee for Programme and Coordination has recommended that the General Assembly endorse the merger of monitoring and self-evaluation (see A/49/16 (Part I)) .

6. The activities undertaken by the Central Monitoring and Inspection Unit are described in paragraph 25B.32 of Section 25B of the programme budget for 1994-1995. In addition, reports will be prepared on the findings of inspections, along with recommendations for changes as appropriate. Ad hoc inspection reviews of specific programmes and organizational units will be conducted with the object of quick identification of problems and of making recommendations for appropriate measures.

Internal audit

7. The internal audit functions of the Office are indicated in paragraph 1 (c) (ii) of the draft resolution. The activities of the Audit and Management Control Division are (a) to determine that an adequate and effective system of internal controls has been established to ensure the protection of the Organization's assets, that financial records are accurate and that resources are employed economically and effectively and are producing the programme output for which they were authorized; (b) to ensure compliance with General Assembly resolutions and established policies, procedures, regulations and rules bearing on the use of resources; (c) to establish the integrity and reliability of reports, information and records that pertain to the operations and functioning of the Organization; (d) to ensure that the Organization's assets and interests are safeguarded against losses of all kinds, including those arising from fraud, irregularity, malfeasance or negligence; and (e) to review the adequacy of procedures and policies for managing the Organizations's resources and operations.

8. Activities in the area of internal audit consist of those enumerated under Section 25G of the Programme Budget for the biennium 1994-1995.

9. The compliance function used to be discharged as part of the audit review of activities and operations of the Organization. Upon the establishment of the Office for Inspections and Investigations, the compliance aspect of audit was strengthened and expanded. In addition to examining the extent of compliance with audit recommendations, work in the biennium 1994-1995 will expand to cover periodic reviews of measures taken to implement recommendations made by the Board of Auditors and those made as a result of audits, inspections and investigations.

10. Activities for management improvement consist of those enumerated in section 25A, paragraph 25A.21, of the programme budget for the biennium 1994-1995.

Inspection and evaluation

11. The Central Evaluation Unit will undertake the functions of the Office described in paragraph 1 (c) (iii) of the draft resolution. The Unit will undertake activities indicated under the provision of article VI (Evaluation) of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation. Specifically, reports to the Committee for Programme and Coordination on the scope and methodology of in-depth evaluations, and on in-depth evaluations of programmes; triennial reviews and reports of the Secretary-General to the General Assembly on the strengthening of the role of evaluation and the application of evaluation findings in programme design, delivery and policy directives will continue to be presented according to the recommendations of the Committee for Programme and Coordination and to established procedures followed by the Committee for evaluation reports.

12. The new inspections functions will be undertaken by the Central Monitoring and Inspection Unit, as indicated in paragraph 5 above. Self-evaluation activities will also be undertaken by the Central Monitoring and Inspection Unit.

Investigations

13. Paragraph 1 (c) (iv) of the draft resolution sets out the investigations function of the Office. The activities carried out by the Investigations Unit consist of investigating reports of misconduct, malfeasance, deliberate mismanagement, abuses or violations of United Nations regulations and pertinent administrative issuances, including non-compliance with internal control procedures.

14. Activities also focus on assessing the potential within programme areas for fraud and other violations through the analysis of systems of control in high-risk operations as well as offices away from Headquarters. On the basis of this analysis, recommendations are made for corrective action to minimize the commission of such violations.

15. Work will also be initiated on the establishment of a confidential mechanism that will both guarantee due process and facilitate reporting by staff members on measures for improving the work of the Organization, as well as on apparent cases of fraud, irregularity or misconduct, without fear of victimization, including the assessment of the effectiveness of the disciplinary measures available to the Secretariat. Procedures will also be established to ensure that falsely accused staff members are cleared fully and that disciplinary measures are taken in cases where evidence of wrongdoing is conclusive.

16. The current organizational structure of the Office for Inspections and Investigations is set out in the table below:

OFFICE FOR INSPECTIONS AND INVESTIGATIONS

	Office of the Assistant Secretary-General		Central Monitoring and Inspection Unit		Central Evaluation Unit		Audit and Management Control		Investigations Unit		TOTAL	TOTAL	GRAND TOTAL
LEVEL	RB	XB	RB	XB	RB	XB	RB	XB	RB	XB	RB	XB	
ASG	1*										1	-	1
D-2							1				1	-	1
D-1			1		1		1			1	3	1	4
P-5			1		1		4	2	1		7	2	9
P-4	1		1		2		6	12	1	1	11	13	24
P-3					1		6	8			7	8	15
P-2/1			1				9	1	1		11	1	12
Subtotal	2	-	4	-	5	-	27	23	3	2	41	25	66
GS (P)							9	1			9	1	10
GS (O)		2	3		4		6	6	1	1	14	9	23
Subtotal		2	3	-	4	-	15	7	1	1	23	10	33
Grand Total	2	2	7	-	9	-	42	30	4	3	64	35	99

* Post loaned from section 25 pending action of the General Assembly.

RB = Regular budget.

XB = Extrabudgetary.

C. Additional requirements at full cost

17. Should the General Assembly adopt the draft resolution, the Secretary-General would appoint the head of the Office of Internal Oversight Services at the Under-Secretary-General level in accordance with the procedures contained in operative paragraph 4 of the resolution. As indicated in the report of the Secretary-General on the reorganization of the Department of Administration and Management (A/C.5/48/72), it has already been proposed that a post at the Assistant Secretary-General level be redeployed from section 25 to section 31 for the head of the Office for Inspections and Investigations. The net additional cost of upgrading this post to the Under-Secretary-General level is estimated at $17,400.

D. Potential for absorption

18. Should the General Assembly adopt the draft resolution, and the post at the Assistant Secretary-General level be redeployed from section 25 to section 31 and upgraded to the Under-Secretary-General level, no change in the appropriation for 1994-1995 would be required at this stage. Any requisite transfer of resources between sections would be reflected in the first performance report for the programme budget for the biennium 1994-1995.